

NEW PRODUCT ADVISORY No. 03-005

A FULL SERVICE PLAN'S POST MRMIP GRADUATE PRODUCT

ACTION: Order of Approval Issued August 8, 2003

Material modification seeking approval of "Post MRMIP Graduate Product."

Filing No. 200344612

Filed March 7, 2003

SUMMARY

Health & Safety Code Section 1373.62, enacted as part of AB 1401, became effective January 1, 2003. Section 1373.62 requires full service health care service plans in the individual market to offer coverage on a guaranteed issue basis to enrollees that have been terminated from the Major Risk Medical Insurance Program ["MRMIP"] after 36 months of coverage. A particular Plan was required to file a Notice of Material Modification to participate in the Post MRMIP Graduate Product market because it is in the individual coverage market. Section 1373.62 requires that a plan that is not a participating plan in the MRMIP has to offer as its Post MRMIP Graduate Product a benefit design that is the same as the benefit design of a plan that is a participating plan in the MRMIP. The particular Plan chose for its Post MRMIP Graduate Product to "mirror" the Blue Shield of California HMO MRMIP benefit design.

BASIS OF ACTION

The Department required the particular Plan to file several representations regarding its proposal to participate in the Post MRMIP Graduate Product and to file a Subscriber Agreement and Evidence of Coverage that substantially complied with the Act and Rules. The particular Plan represented that the new product will rely on its previously approved commercial individual product provider network and quality assurance system. Further, the particular Plan revised its Subscriber Agreement and Evidence of Coverage to include the following language: "Enrollment will be cancelled as of the last day for which payment has been received, subject to compliance with notice requirements." Acceptance of this language does not reflect any change in the Department's determination, previously communicated in Department Advice in September 2002 and August 2003, that operational compliance with the provisions of Section 1365 of the Knox-Keene Act is mandatory. The Department determined that the documents submitted in connection with the particular Plan's proposal substantially comply with the Knox-Keene Health Care Service Plan Act of 1975 (Health & Saf. Code section 1340 *et seq.*) and the regulations adopted thereunder (Cal. Code Regs., title 28, section 1300.43 *et seq.*).